

DRAFT

Categorization and consolidation of brainstorming ideas from 9/6/06 meeting

Note: Ideas that present opportunities for private/public partnerships are highlighted with an asterisk (*).

Incentives

Funding incentives

State infrastructure grants and loans

- Increase rewards for more housing production or more affordable housing production, such as bonus points for state grants and loans. Where possible, target state and federal funds where they will benefit housing opportunities. Include any or all of the following criteria for bonus points or eligibility for these funds (including brownfield redevelopment funding):
 - Housing affordability requirement – must demonstrate a clear public benefit for housing affordability
 - Urban centers
 - Densification in urban areas
 - Balancing jobs and housing growth
 - Rural state highways

State planning funds

- Provide state funding for local governments to do environmental review up front so that developers and homeowners don't have to pay and can waive fees for affordable housing (Planning and Environmental Review Fund).
- The state should assist localities and the private sector in developing planned infill communities that include needed low-to-moderate income housing. The state should help pay for some upfront planning, permitting, infrastructure, and mitigation in return for more say over the design and make-up of the community. This could be funded by a trust or revolving fund.
- Provide funding for cities and counties to do the buildable lands analysis.
- Regulatory provisions and expedited processes for affordable housing and encouraging infill - provide funding for local governments to adopt regulatory provisions and/or expedited processes for affordable housing and infill in urban areas, e.g. any one or combination of the following (they can be voted on as separate ideas):
 - Expansion of use of State Environmental Policy Act (SEPA) categorical exemptions
 - Zoning tools – lot size averaging, flag lots, accessory dwelling units, townhomes, small lots, cottage housing, etc.
 - Mixed-use development; co-location of housing with public facilities (libraries, schools) or commercial developments (grocery stores) – make these an outright permitted use rather than conditional.
 - Use of TDRs: make transfer of development rights (TDRs) from rural to urban areas work.
 - Performance-based zoning – e.g. floor area ratios (FARs).
 - Inclusionary zoning.

- Alternatives for dealing with stormwater that are less land intensive and provide more land for housing.
- Flexible short plats
- Form-based zoning
- Relaxed parking ratios
- Design review
- Provide for mobile home park preservation – economic incentives to keep them.

State project funds

- Provide funding for land trusts or land banks to purchase land for affordable housing – land would be publicly held and the cost would remain fixed.
- Provide incentives such as state funds for development to help share the risk for building innovative housing types.

Local planning options

- *Find parts of the development review process that could be made consistent across jurisdictions (resource: ARCH has achieved this in its work with cities on the eastside of Lake Washington)
- *Eliminate barriers to small housing, such as explicitly eliminating covenants and regulations that set minimum house sizes beyond that necessary for health and safety issues.
- *Preserve historic buildings and avoid moving them.
- Ensure industrial zoning doesn't compete with housing.
- Provide for mobile home park preservation – regulations to preserve them.
- Require house size diversity in new developments.
- Adopt any of the list of regulatory provisions and expedited processes for affordable housing and encouraging infill noted above.
- Require new employers to contribute to new housing if there is insufficient housing available.

State Requirements

Funding requirements

State funds

- Allocate more of the state's revenues to supporting infrastructure for growth. For example, allow the Public Works Trust Fund to be used for projects that accommodate new housing growth, not just those that retain and rehabilitate infrastructure for existing developments to maintain levels of service (requires statutory change).
- Establish a capitalized Growth Management infrastructure account for projects that expand infrastructure capacity.
- Create a job development fund program and supplement Public Works Trust Fund (Note: a job development fund was created in CTED's budget for the 05-07 biennium).

- Address the problem that, if a city does not adopt the best available science, it is ineligible for funding.
- Create a one percent for affordable housing fund - assess a one percent fee on all state and local capital projects to assist in the construction of low- and moderate-income housing.
- Require measures for long-term affordability of state investment.
- Explore the need to amend the constitutional limits that restrict use of state resources to assist middle-income homebuyers such as firefighters, bank tellers, secretaries, and other service workers (amend Gift of Public Funds provision).
- Increase funding for the Housing Trust Fund.
- When state assistance is used for home-ownership purposes, the state and owner should share equity increases.

Local funds

- Change or eliminate impact fees; provide local government with more broad-based funding sources such as REET.
- Improve the impact fee assessment process and calculation – assess impact fees at the time of occupancy instead of assessing them up front.
- Make impact fees roughly proportional to the impact to individual houses (reversal of *Drebick* decision).
- Require jurisdictions experiencing growth to impose impact fees.
- Require cities to pay for infrastructure for affordable housing projects that meet affordability goals rather than the developer having to use affordable housing project funds for infrastructure.
- Tie infrastructure funding more closely to the severity of need and planning – e.g. fund street repair for the streets in the worst condition or that are undergoing planned redevelopment and revitalization.
- Create a statewide requirement for a set-aside with the 10-year tax exemption for affordable housing.
- Remove legal barriers to using existing tools for infrastructure financing (e.g. Local Improvement Districts, tax increment financing).

Private funds

- *Broaden access to bond markets and other markets for housing infrastructure.
- Require a business coming into a community to pay for infrastructure.

State planning requirements

Revise plan and regulation requirements:

Countywide planning policies/regional planning

- Tie growth projections to actual demand resulting from job creation. Directly involve Employment Security as a primary player in the development of growth forecasts. Monitor the accuracy of those projections and when they prove low, require timely adjustments to comprehensive plans (within two to three years).

- Review the requirements for Countywide Planning Policies – beef up the requirements for housing policies.
- Expand the ability to create Regional Transportation Improvement Districts to other counties.
- In Central Puget Sound, replace countywide planning with regional planning.

Comprehensive plans

- Require planning for 50 to 100 years regionally.
- Ensure that the housing goal is parallel to other goals. For example, pass legislation in response to Growth Management Hearings Board decision that housing is not second to other goals and is not just aspirational.
- Include a requirement in the housing element to determine the income levels for which housing is being produced and the barriers to producing housing at the other income levels.
- Require that the comprehensive plan designations and zoning match the densities and housing types needed to provide for housing affordable to all income groups.
- Include a requirement in the housing element that each jurisdiction shall provide the opportunity to accommodate its regional fair share of affordable housing for low income people, special needs housing, and moderate and middle income buyers.
- Include a requirement in the housing element that each jurisdiction must develop plans and programs, and identify sites, to accommodate a “fair share” of its region’s new growth of all kinds of housing, affordable and market-rate housing alike.
- Match housing types and densities with expected employment and the incomes they will generate. Provide for a jobs housing balance based on reasonable commuter sheds unless such a balance is not possible within the existing urban growth area.
- Balance housing and job capacity, not just targets, on a subregional basis/market area (not city by city) for those jurisdictions who choose to plan for employment growth.
- Give Puget Sound Regional Council authority to review and certify housing elements as it does for transportation elements.
- Expand capital facilities planning horizon from six to twenty years.
- Strengthen criteria for infrastructure spending under local capital facilities plans so it goes to urban areas experiencing housing and employment growth.
- Eliminate state concurrency requirements.

Development regulations and codes

- Require counties and cities to adopt regulatory provisions and expedited processes for affordable housing and infill noted above.
- Adopt a no net loss of housing policy for adoption of critical areas, zoning and other ordinances – Require evaluation of new regulations for their impact on housing and jobs and require reallocation if there is a negative impact to housing. .
- Adopt a state “smart code” that is specific to housing rehabilitation (e.g. New Jersey). The current International Building Code focuses on new construction.
- Eliminate minimum lot size requirements and adopt clear standards for minimum urban densities. Appropriate targets should be set to increase average densities over time so they support transit (at least seven units per acre), make efficient use of infrastructure, provide affordable housing, and conserve open spaces.

- Ala the “next available unit”, create a next available development requirement – if a community isn’t meeting its housing goal, the next housing development must be affordable.
- Require policies and regulations to preserve existing manufactured/mobile home parks.
- Pass legislation stating that the state’s science is not de facto best available science and that local governments can use science other than the state’s science.

Buildable lands

- Give CTED independent review authority of infrastructure planning in Buildable Lands counties and cities to ensure it is sufficient to meet infrastructure needs.
- Tie growth projections to demand created by job growth and monitor it for compliance. Amend RCW 36.70A.215(4) (“Buildable Lands” requirements) to require the definition of “land suitable for development” to include an analysis of the following:
 1. Is the infrastructure available (and the remaining capacity) sufficient to accommodate projected growth?
 2. Market factors based on actual market factors that serve to limit housing
 3. New and proposed restrictions (critical areas, shorelines, Endangered Species Act, buffers, downzones, etc.)
- Have CTED do an independent, substantive, multi-county evaluation of the substantive sufficiency of the analysis in the Buildable Lands reports (not just a compilation and publication of the results).

Performance measures

- Create performance standards for the housing goal under GMA.
- Require performance measures to be developed by cities and counties that are consistent.
- Create performance measures for the economic development element.
- Create consequences for not meeting the housing element requirements – put teeth in the housing element.

Streamline permitting

- Create more SEPA categorical exemptions, e.g. create a categorical exemption for 20-lot subdivisions.
- Eliminate SEPA review in urban growth areas.

Use Transfer of Development Rights (TDRs)

- Cascade Agenda – Cascade Land Conservancy’s rural village concept: promote this concept at the state level to protect rural and agricultural land with concentrated housing.
- Allow urban village nodes in rural areas in exchange for TDRs that are coupled with affordable housing in the TDR receiving and/or sending site.
- Balance riparian buffers in agricultural lands if the landowner uses TDRs.

Other ideas

- Increase the urban growth area to lower property costs.
- Require a market-based analysis of whether or not affordable housing incentives are sufficient to offset the size of subsidies.

- Define “blight” in statute to protect existing low-income housing from being wiped out in favor of higher end homes.
- Change development capacity.

Tax changes

State

- Allocate the gas tax to cities to reflect the growing burden of urbanization the cities have taken on - revisit why counties get/have control of using gas taxes when most of the urbanization is in cities.
- Create the option for the state to utilize unused regular property tax levy (“assessment gap” between one percent limit on increases and constitutional cap of \$3.60 for every \$1000 of assessed value) to capitalize a fund for infrastructure.
- Impose an excess income and salaries tax.
- Pass two constitutional amendments:
 1. Amendment to waive the one subject rule legislation to eliminate any tax that includes a replacement tax; and
 2. Amendment to eliminate and create replacement taxes.
- Waive the state sales tax on new construction materials for affordable housing.
- Create a scaled business tax reduction for assistance with housing – not just ownership.

Local

- Change or eliminate impact fees for a more broad-based funding source.
- Decrease school bond voting requirements to 50 percent plus one.
- Allow local governments to utilize unused regular property tax levy (gap between 101 percent and inflation) to increase property taxes dedicated for infrastructure.
- Consider allocating things like the state’s sales tax collected on new construction to pay for infrastructure in the communities from which it came. Could supplement impact fees.
- Allow counties and cities with moratoria to use the sales tax on gas for infrastructure.
- Allow counties and cities to impose user fees or tolls for infrastructure.
- Allow counties and cities to impose street utility taxes.
- Make the Real Estate Excise Tax (REET) “two” assessment available for housing.
- Expand authority to use the .08 sales tax rebate to the nine other counties to fund infrastructure within urban growth areas.
- Provide for a local option REET with the same uses for the first and second quarters.
- Replace impact fees with REET “three”.
- Expand multi-family ten-year tax exemption to all cities in the Buildable Lands counties for low-income or market rate housing at the jurisdiction’s discretion.

- Pass the streamlined sales tax quickly so communities won't have to chase sales taxes.
- Have a fair share housing excise tax to provide incentives to local governments and offset impact fees in areas providing low-to-moderate income housing, perhaps in combination with an increase in the affordable housing recording fees.
- Provide a tax incentive to build condominiums at a reasonable price (condominium insurance issue).

***Education by state/locals/developers/realtors/builders**

- *Provide effective education regarding the need for infrastructure funding.
- *Educate elected officials and communities on affordable housing and density – all parties are responsible for a common message.
- *Educate builders and buyers to think outside of what they always build.
- *Provide CTED training to builders, elected officials and planners around the state about planning for a variety of housing types, narrow streets, etc. Help facilitate discussions between architects and builders and elected and appointed officials of smaller, rural counties and cities.
- *Educate elected officials about the impact of new regulations on housing, such as fire requirements for sprinklers and street widths.

State technical assistance

- Provide optional audit services to local governments to review permitting processes for infill areas.
- *Provide assistance for cities to develop regional uniformity or a general permit process of on-line permit applications (Snohomish County model and work being done by Kirkland and neighboring municipalities). Could provide a modular approach to land use regulations that locals can choose from to provide consistency for builders.
- Provide state assistance for better coordination of planning among counties with a regional approach to housing, jobs, master planned developments, etc. (e.g. Hood Canal Coordinating Council governance study for three counties and two tribes on Hood Canal.)
- Help cities with pedestrian-friendly planning.

Economic development

- Support job growth in Eastern Washington where there is affordable housing and infrastructure. For example provide state incentives for industry to set up satellite plants in rural areas – jobs/housing balance.
- Provide infrastructure funding to rural counties to attract business in their urban growth areas.
- Encourage regional industry clusters.

- Stop spending public funds on economic development unless it is tied to a housing plan – quit providing funding in Central Puget Sound (Note: state funding from CTED economic development programs is currently limited to rural counties by statute – very little, if any, funding is available for the Central Puget Sound counties).

Overall approach

(considerations to keep in mind as we develop recommendations)

- Provide financing strategies and incentives for jurisdictions having trouble meeting housing goals because they don't have the infrastructure (rather than making them less eligible for funding for failing to meet housing goals).
- Clarify who is responsible for infrastructure development and spread funding responsibilities more broadly.
- Ensure correlation between infrastructure and mandates with funding to pay for implementation of the mandate – fund mandates.
- Look at the big picture of all planning activities and how they impact housing.
- Identify recommendations that are statewide and those that are specific to certain counties.
- Recognize that housing affordable to households earning 50 percent or less of the county median require all of the following: (i) available land a suitable densities, (ii) public funding, (iii) reduced infrastructure costs, (iv) measures to ensure they remain affordable.
- Advocate for the federal government to return to its historic role of funding affordable housing.
- When state assistance is used for home-ownership purposes, the state and owner should share equity increases.
- Provide local governments with flexibility – one size does not fit all (e.g. a 51% voting requirement for schools would always pass in Douglas County at a cost to landowners)
- Find ways to help smaller communities with affordable housing to build infrastructure at a lower cost.
- Provide incentives for doing a package of the actions discussed.

Miscellaneous

- Encourage reduced real estate sales commissions by supporting web-based services.